

OFFICE OF FISCAL ANALYSIS

Legislative Office Building, Room 5200
Hartford, CT 06106 ◊ (860) 240-0200
<http://www.cga.ct.gov/ofa>

sHB-5539

AN ACT CONCERNING REQUIREMENTS FOR AND PENALTIES ON HOLDERS OF DEALER REGISTRATIONS REGARDING ELECTRONIC NICOTINE DELIVERY SYSTEMS AND VAPOR PRODUCTS AND MANUFACTURER REGISTRATION REQUIREMENTS OF SUCH DELIVERY SYSTEMS AND PRODUCTS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 27 \$	FY 28 \$
Consumer Protection, Dept.	GF - Cost	53,436	65,248
State Comptroller - Fringe Benefits ¹	GF - Cost	17,329	23,105
Resources of the General Fund	GF - Potential Revenue Gain	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill makes various changes to electronic nicotine delivery system and vapor product (i.e. e-cigarette) regulations resulting in the costs and potential revenue gains described below.

Costs:

The bill requires the Department of Consumer Protection (DCP) to ensure e-cigarette dealers have a compliance bond of at least \$250,000 and requires DCP to maintain a directory of all e-cigarettes sold in the

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 41.82% of payroll in FY 27.

Primary Analyst: ME
Contributing Analyst(s):
Reviewer: PR

4/14/26

state, resulting in a total cost to the state of \$70,765 in FY 27 and \$88,353 in FY 28.

To meet the requirements of the bill, DCP will need approximately \$10,000 per year for overtime for existing staff and the agency will have to hire a processing technician for a cost of \$43,436 in FY 27² and \$55,248 in FY 28, along with associated fringe benefit costs of \$17,329 in FY 27 and \$23,105 in FY 28. The overtime funding and additional employee are needed to ensure e-cigarette dealers procure compliance bonds, process the data submitted by the manufacturers, and maintain the directory.

Potential Revenue Gain:

Section 1 allows DCP to impose a civil penalty of up to \$10,000 for certain e-cigarette violations resulting in a potential revenue gain to the General Fund (GF) to the extent violations occur.

Section 2 requires manufacturers to pay an initial registration fee of \$2,000 and annual renewal fee of \$500 for each e-cigarette product sold in the state resulting in a revenue gain to the GF.

The Out Years

The annualized ongoing fiscal impact identified above will continue into the future subject to employee wage increases, the amount of overtime required, the number of violations, the number of e-cigarette products, and inflation.

²Costs in FY 27 reflect nine months of expenditures due to the bill's 10/1/2026 effective date.